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**UNITED STATES BANKRUPTCY COURT  
 DISTRICT OF NEVADA**

In re:  
 USA COMMERCIAL MORTGAGE COMPANY,  
 Debtor.

Case No. BK-S-06-10725 LBR  
 Case No. BK-S-06-10726 LBR  
 Case No. BK-S-06-10727 LBR  
 Case No. BK-S-06-10728 LBR  
 Case No. BK-S-06-10729 LBR

In re:  
 USA CAPITAL REALTY ADVISORS, LLC,  
 Debtor.

Chapter 11

In re:  
 USA CAPITAL DIVERSIFIED TRUST DEED FUND,  
 LLC,  
 Debtor.

Jointly Administered Under  
 Case No. BK-S-06-10725 LBR

In re:  
 USA CAPITAL FIRST TRUST DEED FUND, LLC,  
 Debtor.

**FIRST APPLICATION OF RAY  
 QUINNEY & NEBEKER P.C. FOR  
 INTERIM COMPENSATION AND  
 REIMBURSEMENT PURSUANT TO 11  
 U.S.C. §§ 330 AND 331 FOR THE PERIOD  
 APRIL 13, 2006 THROUGH JULY 31, 2006**

In re:  
 USA SECURITIES, LLC,  
 Debtor.

Affects:

- ☒ All Debtors
- ☐ USA Commercial Mortgage Company
- ☐ USA Securities, LLC
- ☐ USA Capital Realty Advisors, LLC
- ☐ USA Capital Diversified Trust Deed Fund, LLC
- ☐ USA First Trust Deed Fund, LLC

Ray Quinney & Nebeker P.C. (“Ray Quinney”), counsel to USA Commercial Mortgage Company, USA Capital Realty Advisors, LLC, USA Capital Diversified Trust Deed Fund, LLC, USA Capital First Trust Deed Fund, LLC and USA Securities, LLC (collectively, “Debtors”), pursuant to 11 U.S.C. §§ 330 and 331, Fed. R. Bankr. P. 2016, the Fee Guidelines of the United Stated Trustee, and the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals, entered August 29, 2006, (the “Administrative Order”), submits this First Application of Ray Quinney & Nebeker P.C. for Interim Compensation and Reimbursement (the “Application”) for allowance and payment of interim compensation in the total amount of \$937,187.54 for services rendered, and interim reimbursement in the total amount of \$64,950.57 for expenses incurred, for the period April 13, 2006 through July 31, 2006 (the “Application Period”).

## **I. INTRODUCTION**

### **A. Case Background**

1. On April 13, 2006 (the “Petition Date”), Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, Debtors have operated their business as debtors in possession pursuant to 11 U.S.C. §§ 1107(a) and 1108.

2. Prior to the Petition Date, USA Commercial Mortgage Company (“USACM”) primarily was in the business of originating, brokering, and servicing commercial real estate loans and fractional interests therein. USACM has not originated or brokered any new loans since the Petition Date.

3. The USA Capital group of companies operates in the commercial mortgage business. USA Capital Realty Advisors, LLC (“USA Realty”) is the sole manager of two investment funds, USA Capital First Trust Deed Fund, LLC (“First Trust Deed”) and USA

1 Diversified Trust Deed Fund, LLC (“Diversified”). USA Securities, LLC (“USA Securities”)  
 2 served as the registered broker/dealer for the sale of interests in First Trust Deed. USACM  
 3 continues to provide servicing for the various loans for First Trust Deed, Diversified and other  
 4 investors.

5  
 6 4. As of the Petition Date, USACM was the loan servicer for approximately  
 7 115 commercial loans having a combined balance of approximately \$960 million (the “Serviced  
 8 Loans”), most of which were secured by various real estate projects or developments.

9 5. There are approximately 3,600 loan investors (the “Direct Lenders”) who  
 10 own fractional shares of the Serviced Loans and whose names appear as a “Lender” for one or  
 11 more of the Serviced Loans. Among the Direct Lenders are First Trust Deed and Diversified.  
 12 Diversified has approximately 1,900 members and First Trust Deed has approximately 1,300  
 13 members.  
 14

15 6. Debtors believe there will be sufficient funds to pay administrative expense  
 16 claims in this case. All quarterly fees due to the United States Trustee have been paid, and  
 17 Debtors are current in the filing of their monthly reports.

18 7. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157  
 19 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).  
 20

21 B. Ray Quinney’s Employment

22 1. On April 18, 2006, the Debtors filed an Application to Employ and Retain  
 23 Ray Quinney & Nebeker P.C. as Counsel for the Debtors (Dkt. #23) (the “Employment  
 24 Application”). In connection with the Employment Application, the Debtors submitted the  
 25 Declaration of Annette W. Jarvis in Support of Debtors’ Application to Employ and Retain Ray  
 26 Quinney & Nebeker P.C. as Counsel for the Debtors (the “Jarvis Declaration”).  
 27  
 28

2. On June 5, 2006, this Court entered its Order Granting Debtors' Application to Employ and Retain Ray Quinney & Nebeker P.C. as Counsel for all Debtors (Dkt. #474) authorizing the Debtors to employ Ray Quinney for an interim period until July 27, 2006 (the "First Interim Employment Order").

3. On August 11, 2006, this Court entered its order authorizing the continued employment and retention of Ray Quinney through October 2, 2006 (Dkt. #1137) (the "Second Interim Employment Order").

4. Pursuant to the Court's First Interim Employment Order, the retainer received by Ray Quinney and held as of the Petition Date, will be applied to Ray Quinney's final compensation and expense reimbursement with any unused portion being returned to the Debtors.<sup>1</sup>

5. All services performed and expenses incurred for which compensation or reimbursement is sought were performed or incurred for and on behalf of the Debtors and not for any other person or entity.

6. Ray Quinney has not shared or agreed to share compensation or reimbursement awarded in these cases with any other person except as among the members and employees of the firm.

7. Ray Quinney has not made any agreements with the Debtors, or other person or entity for compensation or reimbursement relating to these cases which have not been disclosed to the Court.

## **II. PRIOR APPLICATIONS FOR COMPENSATION AND REIMBURSEMENT**

This Application is the first interim application for compensation and reimbursement filed by Ray Quinney.

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<sup>1</sup> Prior to the Petition Date, Ray Quinney received a \$210,000.00 retainer of which \$129,572.83 was applied pre-petition. The remaining \$80,427.17 is being held in Ray Quinney's client trust account.

1 **III. THE PRESENT APPLICATION**

2 A. Billing Methodology

3 1. In this Application, Ray Quinney is requesting compensation for services  
4 provided and reimbursement of expenses incurred during the Application Period. The Summary  
5 Required by United States Trustee Guidelines is attached hereto as Exhibit E. Invoices detailing  
6 the services rendered and expenses incurred as reflected in the Monthly Statements submitted  
7 during the Application Period pursuant to the Administrative Order are attached hereto as Exhibit  
8 A (invoices for April 13, 2006 through April 30, 2006); Exhibit B (invoices for May 1 through  
9 May 31, 2006); Exhibit C (invoices for June 1 through June 30, 2006); and Exhibit D (invoices for  
10 July 1 through July 31, 2006).

11 2. Ray Quinney's services are billed on an hourly-rate basis, consistent with  
12 customary charges by comparably skilled practitioners in non-bankruptcy cases.

13 3. In rendering services and incurring expenses on behalf of the Debtors, Ray  
14 Quinney makes reasonable efforts to use the most economical means and methods that are  
15 available and appropriate under the circumstances.

16 4. The rates for the attorneys and paralegals working on this matter are  
17 consistent with customary charges by comparably skilled practitioners in non-bankruptcy cases,  
18 and given the education, experience, and expertise of the attorneys and paralegals rendering  
19 services in this case, are reasonable and similar to rates Ray Quinney charges to other clients for  
20 similar services.

21 C. Services Performed on Behalf of the Estate

22 1. During the Application Period, Ray Quinney has rendered services to the  
23 Debtors for which it seeks compensation in the total amount of \$937,187.54. Such services are  
24

fully detailed in the monthly invoices attached hereto as Exhibits A, B, C, and D.

2. Each invoice contains a chronological listing of the tasks performed in each matter in which Ray Quinney provided services during the billing period covered by the invoice.

3. Ray Quinney has categorized the time spent performing services for the Debtors into the following matters and the total amount billed by Ray Quinney for each matter during the Application Period is as follows:

<u>Matter No.</u>	<u>Matter Name</u>	<u>Amount</u>
1	Case Administration	\$237,613.25
2	Asset Analysis and Recovery	\$72,254.00
3	Asset Disposition	\$1,795.50
4	Business Operations	\$159,836.50
5	Claims Administration and Objections	\$1,916.50
6	Employee Benefits / Pensions	\$6,517.00
7	Fee / Employment Applications	\$38,001.50
8	Fee / Employment Objections	\$1,696.00
9	Executory Contracts	\$7,098.00
10	Financing	\$39,443.00
11	Litigation	\$96,083.50
12	Plan and Disclosure Statement	\$17,186.50
13	Tax Issues	\$690.00
15	Travel Time (billed at ½ rate)	\$41,368.25
17	Regulatory Work	\$72,348.50
19	First Trust Deed Fund – Committee Relations	\$32,302.89
20	Diversified Fund – Committee Relations	\$36,493.45
21	Unsecured Creditors Committee Relations	\$26,541.85
22	Executory Contracts Committee Relations	\$42,735.10
23	USA Capital Realty Advisors, LLC	\$526.62
24	USA Securities, LLC	\$526.63
25	First Trust Deed Fund – Case Administration	\$2,106.50
26	Diversified Fund – Case Administration	\$2,106.50
<b>TOTAL FOR SERVICES RENDERED</b>		<b>\$937,187.54</b>
14	Costs	<u>\$64,950.57</u>
<b>TOTAL FOR SERVICES AND COSTS</b>		<b><u>\$1,002,138.11</u></b>

4. The majority of the fees incurred have been allocated to USACM. With respect to the other debtors, when fees were incurred relative to a committee of that debtor, those fees were allocated to that debtor (i.e., matters 19, 20, 21, and 22). When fees were incurred relative to all of the committees, those fees were allocated evenly (i.e., 25%), or if less than all the committees were involved, those fees were divided proportionally.

5. Additionally, fees incurred in the preparation of the Debtors' statements and schedules were allocated 50% to USACM; 20% to First Trust Deed (matter 25); 20% to Diversified (matter 26); 5% to Securities (matter 24); and 5% to USA Realty (matter 23).

#### C. Summary of Services in Each Specific Matter

A summary of the nature of each specific matter, the names, billing rates, hours spent, and total billed for each Ray Quinney professional and paraprofessional in each matter during the Application Period, and a synopsis of the work performed during the Application Period in each project category, is provided in the separate paragraphs below. A detailed explanation of all services rendered during the Application Period is set forth in the invoices attached hereto in Exhibits A, B, C, and D, which are fully incorporated herein.

#### 1. Case Administration

a. During the Application Period, the following Ray Quinney professionals and paraprofessionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Scott H. Clark	Attorney (Shareholder)	\$300	2.70	\$810.00
Kevin G. Glade	Attorney (Shareholder)	\$275	10.90	\$2997.50
Annette W. Jarvis	Attorney (Shareholder)	\$315	201.20	\$63,378.00
Elaina M. Maragakis	Attorney (Shareholder)	\$220	0.40	\$88.00
Douglas M. Monson	Attorney (Shareholder)	\$275	3.80	\$1,045.00
Elaine A. Monson	Attorney (Shareholder)	\$245	182.35	\$44,675.75
Mark W. Pugsley	Attorney (Shareholder)	\$250	0.70	\$175.00



1	Steven C. Strong	Attorney (Shareholder)	\$250	239.02	\$59,787.502
	Stephen C. Tingey	Attorney (Shareholder)	\$275	10.20	\$2,805.00
2	Steven T. Waterman	Attorney (Shareholder)	\$290	23.10	\$6,699.00
3	R. Gary Winger	Attorney (Shareholder)	\$265	3.60	\$954.00
	Peggy Hunt	Attorney (Of Counsel)	\$250	0.90	\$225.50
4	Lon A. Jenkins	Attorney (Of Counsel)	\$290	59.26	\$17,211.50
	Benjamin J. Kotter	Attorney (Associate)	\$195	20.80	\$4,056.00
5	Richard H. Madsen, II	Attorney (Associate)	\$190	7.70	\$1,463.00
	Angelina Tsu	Attorney (Associate)	\$195	28.30	\$5,518.50
6	Gregory E. Jolley	Law Clerk	\$115	5.30	\$609.50
7	James A. Sorenson	Law Clerk	\$115	1.00	\$115.00
	Andrew J. West	Law Clerk	\$115	1.00	\$115.00
8	Carrie Hurst	Paralegal	\$120	167.40	\$20,094.00
	Temporary	Paralegal	\$120	39.10	\$4,692.00
9	Jessica Zimmer	Paralegal	\$110	0.90	\$99.00

**TOTAL HOURS AND FEES    1,009.63       \$237,613.25**

b. April 2006.<sup>3</sup> During April 2006, Ray Quinney incurred fees of \$66,527.25 relating to Case Administration. As set forth in greater detail in the billing records attached as Exhibit A-1, these fees were incurred relative to the filing and prosecution of various first day motions, responding to various inquiries from creditors, state regulators, employees, and others regarding the bankruptcy filing. Fee were also incurred relative to the creation, management, and updating of an electronic document database, resolving noticing issues and petitioning the Court for an order limiting notice, facilitating the mailing of the initial notices and orders to parties-in-interest, and various other administrative duties necessary to the efficient management of the bankruptcy cases.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$86,580.00 relating to Case Administration. As set forth in greater detail in the billing records attached as Exhibit B-1, these fees were incurred relative to hearings and the associated briefing and preparation time responding to numerous responses and objections for motions related to cash management, payment of employee wages, joint administration, and various other motions asserted against the Debtors. Fees were also incurred relating to the Debtors' motion to hold funds, the creation of multiple committees, preparation for and attendance at the §341 hearing, and various other administrative duties necessary to the efficient management of the bankruptcy cases.

2 Because fees incurred on some matters were allocated among various debtors, it occasionally appears as if individual attorneys are billing in hundredths of an hour. Because of an internal accounting software glitch, this occasionally results in what appears to be a slightly different hourly rate. However, attorney time is billed at the hourly rate disclosed herein and the dollar amount reflected on the invoice accurately bills for the actual time worked.

3 April 2006 only includes services provided on and after the Petition Date.



d. June 2006. During June 2006, Ray Quinney incurred fees of \$39,848.50 relating to Case Administration. As set forth in greater detail in the billing records attached as Exhibit C-1, these fees were incurred relative to the Debtors' motion to hold funds, issues surrounding the Bundy Canyon loan, responding to multiple inquiries from various investors regarding the impact of the bankruptcy filing of their investments. Fees were also incurred relating to the Debtors' efforts to obtain DIP financing and the continuing evaluation of the Debtors' loan portfolio. Additional fees were incurred related to various other administrative duties necessary to the efficient management of the bankruptcy cases.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$44,657.50 relating to Case Administration. As set forth in greater detail in the billing records attached as Exhibit D-1, these fees were incurred relative to legal research related to and the drafting of the motion to distribute funds, the maintenance of the master service list in the case. Fees were also incurred relative to various press releases and communications with various investors and the maintenance and posting of documents and statement on the Debtors' website. Time was also spent preparing for and participating in the Debtors' §341 meeting, and analyzing and responding to multiple information requests. Fees were also incurred relating to the continuing evaluation of the Debtors' loan portfolio. Additional fees were incurred related to various other administrative duties necessary to the efficient management of the bankruptcy cases.

## 2. Asset Analysis and Recovery

a. During the Application Period, the following Ray Quinney professionals and paraprofessionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Scott B. Finlinson	Attorney (Shareholder)	\$220	2.40	\$528.00
Kevin G. Glade	Attorney (Shareholder)	\$275	90.20	\$24,805.00
Annette W. Jarvis	Attorney (Shareholder)	\$315	25.60	\$8,064.00
Douglas M. Monson	Attorney (Shareholder)	\$275	2.00	\$550.00
Elaine A. Monson	Attorney (Shareholder)	\$245	0.60	\$147.00
Steven C. Strong	Attorney (Shareholder)	\$250	31.40	\$7,850.00
Stephen C. Tingey	Attorney (Shareholder)	\$275	80.20	\$22,055.00
Ellen J.D. Toscano	Attorney (Shareholder)	\$270	8.40	\$2,268.00
Benjamin J. Kotter	Attorney (Associate)	\$195	27.40	\$5,343.00
Gregory E. Jolley	Law Clerk	\$115	5.60	\$644.00
<b>TOTAL HOURS AND FEES</b>			<b>273.80</b>	<b>\$72,254.00</b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$12,826.00 relating to Asset Analysis and Recovery. As set forth in greater detail

in the billing records attached as Exhibit A-2, a these fees were incurred relative to the Debtors' efforts to investigate various loan transactions, document and obtain security for a large receivable owing to USACM, and undertaking necessary legal research and analysis regarding the Debtors' various property rights.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$42,592.00 relating to Asset Analysis and Recovery. As set forth in greater detail in the billing records attached as Exhibit B-2, these fees were incurred relative to the Debtors' efforts to analyze the \$962 million loan portfolio and performance of each loan. Fees were also incurred relative to the negotiation of the security agreement with Investment Partners.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$13,713.50 relating to Asset Analysis and Recovery. As set forth in greater detail in the billing records attached as Exhibit C-2, these fees were incurred relative to the Investment Partners receivable and the continuing negotiations of the Investment Partners Security Agreement as well as the investigation and analysis of specific loans within the Debtors' loan portfolio.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$3,122.50 relating to Asset Analysis and Recovery. As set forth in greater detail in the billing records attached as Exhibit D-2, these fees were incurred relative to the investigation and analysis of the Debtors' loan portfolio and continued efforts to identify debtor versus non-debtor documents and interests.

### 3. Asset Disposition

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	5.7	\$1,795.50
<b>TOTAL HOURS AND FEES</b>			<b>5.7</b>	<b>\$1,795.50</b>

b. April 2006. During April 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

c. May 2006. During May 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$1,795.50 relating to Asset Disposition. As set forth in greater detail in the billing records attached as Exhibit C-3, these fees were incurred relative to meeting with a

potential purchaser of the business.

e. July 2006. During July 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

#### 4. Business Operations

a. During the Application Period, the following Ray Quinney professionals provided services to the Trustee in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Paul C. Burke	Attorney (Shareholder)	\$230	1.10	\$253.00
Kevin G. Glade	Attorney (Shareholder)	\$275	84.20	\$23,155.00
Annette W. Jarvis	Attorney (Shareholder)	\$315	89.60	\$28,224.00
Douglas M. Monson	Attorney (Shareholder)	\$275	252.00	\$69,300.00
Elaine A. Monson	Attorney (Shareholder)	\$245	10.80	\$2,646.00
Larry G. Moore	Attorney (Shareholder)	\$280	0.40	\$112.00
Ira B. Rubinfeld	Attorney (Shareholder)	\$280	0.40	\$112.00
Steven C. Strong	Attorney (Shareholder)	\$250	76.60	\$19,150.00
Stephen C. Tingey	Attorney (Shareholder)	\$275	52.20	\$14,355.00
Ellen J.D. Toscano	Attorney (Shareholder)	\$270	4.20	\$1,134.00
Lon A. Jenkins	Attorney (Of Counsel)	\$290	1.10	\$319.00
Benjamin J. Kotter	Attorney (Associate)	\$195	1.40	\$273.00
Richard H. Madsen, II	Attorney (Associate)	\$190	2.10	\$399.00
Caleb J. Frischknecht	Law Clerk	\$130	0.90	\$117.00
Gregory E. Jolley	Law Clerk	\$115	2.50	\$287.50
<b>TOTAL HOURS AND FEES</b>			<b><u>579.50</u></b>	<b><u>\$159,836.50</u></b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$12,482.00 relating to Business Operations. As set forth in greater detail in the billing records attached as Exhibit A-3, these fees were incurred relative to the Debtors' continued business operations as debtors-in-possession under the Bankruptcy Code and included, terminating various employees, collection and partial release issues related to various loans, and the preparation of a motion for approval of transactions in the ordinary course.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$45,563.00 relating to Business Operations. As set forth in greater detail in the billing records attached as Exhibit B-3, these fees were incurred relative to the Motion to Authorize Partial Releases and funding issues relating to various loans including discussions with various borrowers and/or their counsel. Fees were also incurred relative to the drafting of motions to compel disbursing agents to release estate funds to the Debtors.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$59,778.00 relating to Business Operations. As set forth in greater detail in the billing records attached as Exhibit C-4, these fees were incurred relative to efforts to obtain documentation and collateral for receivable from Investment Partners and other operation business issues.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$42,013.50 relating to Business Operations. As set forth in greater detail in the billing records attached as Exhibit D-3, these fees were incurred relative to the prosecution of the motion to distribute funds, the motion to approve HFA forbearance and the continued investigation and evaluation of the Debtors' loan portfolio.

##### 5. Claims Administration and Objections

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	4.10	\$1,291.50
Steven C. Strong	Attorney (Shareholder)	\$250	2.50	\$625.00
<b>TOTAL HOURS AND FEES</b>			<b>6.60</b>	<b>\$1,916.50</b>

b. April 2006. During April 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$1,383.00 relating to Claims Administration and Objections. As set forth in greater detail in the billing records attached as Exhibit B-4, these fees were incurred relative to the analysis of investor fund issues, various claims trading issues, and the review and analysis of the objection to the Bundy Canyon motion.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$50.00 relating to Claims Administration and Objections. As set forth in greater detail in the billing records attached as Exhibit C-5, these fees were incurred relative to correspondence relating to claims trading activity in the case.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$483.50 relating to Claims Administration and Objections. As set forth in greater detail in the billing records attached as Exhibit D-4, these fees were incurred relative to offset issues and the treatment of priority claims and distributions to Direct Lenders.

**6. Employee Benefits / Pensions**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Kelly J. Appelgate	Attorney (Shareholder)	\$245	12.90	\$3,160.50
Paul C. Burke	Attorney (Shareholder)	\$230	0.30	\$69.00
Narvel E. Hall	Attorney (Shareholder)	\$320	0.50	\$160.00
Annette W. Jarvis	Attorney (Shareholder)	\$315	0.50	\$157.50
Steven C. Strong	Attorney (Shareholder)	\$250	8.40	\$2,100.00
Lon A. Jenkins	Attorney (Of Counsel)	\$290	0.70	\$203.00
J. Andrew West	Law Clerk	\$115	5.80	\$667.00
<b>TOTAL HOURS AND FEES</b>			<b>29.10</b>	<b>\$6,517.00</b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$1,247.00 relating to Employee Benefits / Pensions. As set forth in greater detail in the billing records attached as Exhibit A-4, these fees were incurred relative to critical employee pay and retention issues and various other corporate officer issues.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$1,849.50 relating to Employee Benefits / Pensions. As set forth in greater detail in the billing records attached as Exhibit B-5, these fees were incurred relative to issues relating to USACM's defined benefits plan and communications with the Pension Benefit Guarantee Corporation.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$24.50 relating to Employee Benefits / Pensions. As set forth in greater detail in the billing records attached as Exhibit C-6, these fees were incurred relative to issues relating to USACM's defined benefits plan.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$3,396.00 relating to Employee Benefits / Pensions. As set forth in greater detail in the billing records attached as Exhibit D-5, these fees were incurred relative to issues relating to USACM's defined benefits plan, including the review of correspondence from the Pensions Benefit Guarantee Corporation and legal research related to the defined benefits plan.

**7. Fee / Employment Applications**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	12.60	\$3,969.00
Elaine A. Monson	Attorney (Shareholder)	\$245	41.50	\$10,167.50
Steven C. Strong	Attorney (Shareholder)	\$250	26.30	\$6,575.00
Lon A. Jenkins	Attorney (Of Counsel)	\$290	14.30	\$4,417.00
Benjamin J. Kotter	Attorney (Associate)	\$195	7.70	\$1,501.50
Angelina Tsu	Attorney (Associate)	\$195	59.70	\$11,641.50
<b>TOTAL HOURS AND FEES</b>			<b>162.10</b>	<b>\$38,001.50</b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$7,211.50 relating to Fee / Employment Applications. As set forth in greater detail in the billing records attached as Exhibit A-5, these fees were largely incurred relative to the Debtors' applications to employ Ray Quinney, BMC and Hilco.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$18,362.00 relating to Fee / Employment Applications. As set forth in greater detail in the billing records attached as Exhibit B-6, these fees were incurred relative to the Debtors' application to employ Hilco, responding to objections to Ray Quinney's employment, preparation and analysis related employment of professionals in the ordinary course to pursue loan collection matters.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$7,880.00 relating to Fee / Employment Applications. As set forth in greater detail in the billing records attached as Exhibit C-7, these fees were incurred relative to the Debtors' efforts to employ Hilco as real estate appraisers and seeking an administrative procedures order establishing procedures for interim compensation of professionals and the initial preparation of monthly statements and fee applications.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$4,548.00 relating to Fee / Employment Applications. As set forth in greater detail in the billing records attached as Exhibit D-6, these fees were incurred relative to the Motion to Employ Ordinary Course Professionals, the review, analysis and response to objections to Ray Quinney's continued employment, and the preparation of monthly statements and interim fee applications in accordance with the Administrative Procedures Order.

#### **8. Fee / Employment Objections**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	0.40	\$126.00



1	Elaine A. Monson	Attorney (Shareholder)	\$245	0.20	\$49.00
	Steven C. Strong	Attorney (Shareholder)	\$250	3.90	\$975.00
2	Benjamin J. Kotter	Attorney (Associate)	\$195	2.80	\$546.00

3	<b>TOTAL HOURS AND FEES</b>			<b>7.30</b>	<b>\$1,696.00</b>
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5 b. April 2006. During April 2006, no fees were incurred by Ray

6 Quinney professionals or paraprofessionals in providing services to the Debtors in

7 this specific matter.

8 c. May 2006. During May 2006, Ray Quinney incurred fees of

9 \$302.00 relating to Fee / Employment Objections. As set forth in greater detail in

10 the billing records attached as Exhibit B-7, these fees were incurred relative to the

11 review and analysis of responses to applications to employ counsel.

12 d. June 2006. During June 2006, Ray Quinney incurred fees of

13 \$1,394.00 relating to Fee / Employment Objections. As set forth in greater detail in

14 the billing records attached as Exhibit C-8, these fees were incurred relative to the

15 review and analysis of applications to employ counsel and the drafting of limited

16 objections to those applications.

17 e. July 2006. During July 2006, no fees were incurred by Ray

18 Quinney professionals or paraprofessionals in providing services to the Debtors in

19 this specific matter.

## 20 9. Executory Contracts

21 a. During the Application Period, the following Ray Quinney

22 professionals provided services to the Debtors in this specific matter:

23	<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
24	Annette W. Jarvis	Attorney (Shareholder)	\$315	1.00	\$315.00
25	Steven C. Strong	Attorney (Shareholder)	\$250	2.20	\$550.00
26	Stephen C. Tingey	Attorney (Shareholder)	\$275	0.40	\$110.00
27	Angelina Tsu	Attorney (Associate)	\$195	31.40	\$6,123.00

28	<b>TOTAL HOURS AND FEES</b>			<b>35.00</b>	<b>\$7,098.00</b>
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29 b. April 2006. During April 2006, no fees were incurred by Ray

30 Quinney professionals or paraprofessionals in providing services to the Debtors in

31 this specific matter.

32 c. May 2006. During May 2006, Ray Quinney incurred fees of

33 \$714.50 relating to Executory Contracts. As set forth in greater detail in the billing

34 records attached as Exhibit B-8, these fees were incurred relative to the Incline



Village lease rejection.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$6,064.00 relating to Executory Contracts. As set forth in greater detail in the billing records attached as Exhibit C-9, these fees were incurred relative to undertaking necessary legal research of various executory contract issues under 11 U.S.C. §365.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$319.50 relating to Executory Contracts. As set forth in greater detail in the billing records attached as Exhibit D-7, these fees were incurred relative to real property lease rejection deadlines and issues.

#### **10. Financing**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Kevin G. Glade	Attorney (Shareholder)	\$275	14.30	\$3,932.50
Annette W. Jarvis	Attorney (Shareholder)	\$315	35.90	\$11,308.50
Douglas M. Monson	Attorney (Shareholder)	\$275	15.70	\$4,317.50
Elaine A. Monson	Attorney (Shareholder)	\$245	24.90	\$6,100.50
Steven C. Strong	Attorney (Shareholder)	\$250	45.10	\$11,275.00
Stephen C. Tingey	Attorney (Shareholder)	\$275	4.00	\$1,100.00
Ellen J.D. Toscano	Attorney (Shareholder)	\$270	0.60	\$162.00
Steven T. Waterman	Attorney (Shareholder)	\$290	2.80	\$812.00
Lon A. Jenkins	Attorney (Of Counsel)	\$290	1.50	\$435.00
<b>TOTAL HOURS AND FEES</b>			<b><u>144.80</u></b>	<b><u>\$39,443.00</u></b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$3,047.00 relating to Financing. As set forth in greater detail in the billing records attached as Exhibit A-6, the majority of these fees were incurred relative to efforts to obtain DIP financing.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$17,669.00 relating to financing. As set forth in greater detail in the billing records attached as Exhibit B-9, these fees were incurred relative to efforts to coordinate with and provide information to various possible lenders as well as DIP financing issues.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$18,347.50 relating to Financing. As set forth in greater detail in the billing records attached as Exhibit C-10, these fees were incurred relative to continuing efforts to coordinate with and provide information to various possible lenders, including the

preparation of and filing a motion requesting approval of DIP financing.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$379.50 relating to Financing. As set forth in greater detail in the billing records attached as Exhibit D-8, these fees were incurred relative to communications with potential lenders.

# **11. Litigation**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	151.60	\$47,754.00
Douglas M. Monson	Attorney (Shareholder)	\$275	1.70	\$467.50
Elaine A. Monson	Attorney (Shareholder)	\$245	59.50	\$14,577.50
Mark W. Pugsley	Attorney (Shareholder)	\$250	0.20	\$50.00
Steven C. Strong	Attorney (Shareholder)	\$250	51.60	\$12,900.00
Stephen C. Tingey	Attorney (Shareholder)	\$275	5.10	\$1,402.50
Benjamin J. Kotter	Attorney (Associate)	\$195	11.40	\$2,223.00
Richard H. Madsen, II	Attorney (Associate)	\$190	0.80	\$152.00
Angelina Tsu	Attorney (Associate)	\$195	61.10	\$11,914.50
Gregory E. Jolley	Las Clerk	\$115	3.30	\$379.50
<b>TOTAL HOURS AND FEES</b>			<b>361.00</b>	<b>\$96,083.50</b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$4,326.00 relating to Litigation. As set forth in greater detail in the billing records attached as Exhibit A-7, these fees were incurred relative to the Debtors' research into offset and recoupment theories related to the motion to hold funds and responding to various objections raised to the Debtors' proposed cash management order.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$14,032.00 relating to Litigation. As set forth in greater detail in the billing records attached as Exhibit B-10, these fees were incurred relative to the Debtors' responses to several motions for relief from stay, responding to multiple motions by Mr. LePomme's clients, preparation for and attending hearings on various contested matters, responding to subpoenas and other discovery requests in non-bankruptcy related cases, and analyzing issues in the interpleader action concerning investor account funds. Fees were also incurred relative to the Debtors' motion to hold funds and responding to various objections thereto.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$55,427.00 relating to Litigation. As set forth in greater detail in the billing records attached as Exhibit C-11, these fees were incurred relative to the Debtors' efforts

opposing several motions for relief from stay (Canepa and others); the preparation for and participation in various hearings before the Court involving multiple motions and issues, including the Debtor's Motion to Hold Funds; the drafting a supplemental declarations in support of various motions; drafting of pleadings relating to Motion to Approve Investment Partners Security Agreement; protective orders, DIP financing and forbearance motion, committee procedure motion and multiple other motions.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$22,298.50 relating to Litigation. As set forth in greater detail in the billing records attached as Exhibit D-9, these fees were incurred relative to the Debtors' efforts to investigate and analyze multiple pending non-bankruptcy litigation matters. Fees were also incurred in preparing for and participating in various hearings before the Court on multiple motions.

## 12. Plan and Disclosure Statements

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Kevin G. Glade	Attorney (Shareholder)	\$275	1.70	\$467.50
Annette W. Jarvis	Attorney (Shareholder)	\$315	13.60	\$4,284.00
Elaine A. Monson	Attorney (Shareholder)	\$245	5.10	\$1,249.50
Steven C. Strong	Attorney (Shareholder)	\$250	16.90	\$4,225.00
Stephen C. Tingey	Attorney (Shareholder)	\$275	12.10	\$3,327.50
Ellen J.D. Toscano	Attorney (Shareholder)	\$270	0.40	\$108.00
Peggy Hunt	Attorney (Of Counsel)	\$250	14.10	\$3,525.00
<b>TOTAL HOURS AND FEES</b>			<b>63.90</b>	<b>\$17,186.50</b>

b. April 2006. During April 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

c. May 2006. During May 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

d. June 2006. During June 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$17,186.50 relating to the Plan and Disclosure Statement. As set forth in greater detail in the billing records attached as Exhibit D-10, these fees were incurred relative to the Debtors' effort in connection with several potential purchasers of the

business or plan funders, the negotiation of several confidentiality agreements with potential purchasers or plan funders, and formulation of potential plan of reorganization.

### 13. Tax Issues

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Narvel E. Hall	Attorney (Shareholder)	\$320	2.00	\$640.00
Steven C. Strong	Attorney (Shareholder)	\$250	0.20	\$50.00
<b>TOTAL HOURS AND FEES</b>			<b>2.20</b>	<b>690.00\$</b>

b. April 2006. During April 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$50.00 relating to Tax Issues. As set forth in greater detail in the billing records attached as Exhibit B-11, these fees were incurred relative to issues relating to the Debtors' tax returns.

d. June 2006. During June 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$640.00 relating to Tax Issues. As set forth in greater detail in the billing records attached as Exhibit D-11, these fees were incurred relative to Pension Benefit Guarantee Corporation and trusteeship issues.

### 15. Travel Time

a. During the Application Period, the following Ray Quinney professionals incurred travel time necessary to provide services to the Debtors in this matter.

Some of the travel time of Ray Quinney professionals has not been billed by Ray Quinney and fees incurred that have been billed were billed at ½ of the professional's regular rate. As set forth in greater detail in the billing records attached as Exhibits A-8, B-12, C-12 and D-12, these fees were primarily incurred traveling between Las Vegas, Nevada and Salt Lake City, Utah to appear

at multiple court hearings, client and committee meetings, to review documents responsive to multiple information requests for privilege, confidentiality and privacy issues, and to assist the Debtors in the ongoing management of their business.

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Kevin G. Glade	Attorney (Shareholder)	\$137.50	44.00	\$6,050.00
Annette W. Jarvis	Attorney (Shareholder)	\$157.50	101.90	\$16,049.25
Elaine A. Monson	Attorney (Shareholder)	\$122.50	29.40	\$3,601.50
Mark W. Pugsley	Attorney (Shareholder)	\$125.00	42.30	\$5,287.50
Steven C. Strong	Attorney (Shareholder)	\$125.00	23.90	\$2,987.50
Stephen C. Tingey	Attorney (Shareholder)	\$137.50	16.00	\$2,200.00
Benjamin J. Kotter	Attorney (Associate)	\$97.50	30.00	\$2,925.00
Richard H. Madsen, II	Attorney (Associate)	\$95.00	17.30	\$1,643.50
Angelina Tsu	Attorney (Associate)	\$97.50	6.40	\$624.00
<b>TOTAL HOURS AND FEES</b>			<b>311.20</b>	<b>\$41,368.25</b>

#### 17. Regulatory Work

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Kevin G. Glade	Attorney (Shareholder)	\$275	0.20	\$55.00
Annette W. Jarvis	Attorney (Shareholder)	\$315	3.70	\$1,165.50
Elaine A. Monson	Attorney (Shareholder)	\$245	0.20	\$49.00
Mark W. Pugsley	Attorney (Shareholder)	\$250	201.80	\$50,450.00
Steven C. Strong	Attorney (Shareholder)	\$250	5.40	\$1,350.00
R. Gary Winger	Attorney (Shareholder)	\$265	5.60	\$1,484.00
Lon A. Jenkins	Attorney (Of Counsel)	\$290	2.90	\$841.00
Benjamin J. Kotter	Attorney (Associate)	\$195	1.80	\$351.00
Richard H. Madsen, II	Attorney (Associate)	\$190	5.00	\$950.00
Angelina Tsu	Attorney (Associate)	\$195	2.90	\$565.50
Caleb J. Frischknecht	Law Clerk	\$130	15.30	\$1,989.00
James A. Sorensen	Law Clerk	\$115	21.10	\$2,426.50
J. Andrew West	Law Clerk	\$115	27.40	\$3,151.00
Kim Cassett	Paralegal	\$125	28.40	\$3,550.00
Jasmine Batesas	Paralegal	\$120	0.30	\$36.00
Temporary	Paralegal	\$120	18.40	\$2,208.00
Jessica Zimmer	Paralegal	\$110	15.70	\$1,727.00
<b>TOTAL HOURS AND FEES</b>			<b>356.10</b>	<b>\$72,348.50</b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$19,388.00 relating to Regulatory Work. As set forth in greater detail in the billing records attached as Exhibit A-9, these fees were incurred relative to the Debtors' efforts to comply with the SEC and Nevada State regulators and to respond to various inquiries from the SEC and Nevada State regulators.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$24,806.50 relating to Regulatory Work. As set forth in greater detail in the billing records attached as Exhibit B-13, these fees were incurred relative to the Debtors' continued efforts to comply with the SEC and Nevada State regulators and to respond to various inquiries from the SEC and Nevada State regulators. Fees were also incurred analyzing privilege issues and reviewing documents prior to production to SEC pursuant to subpoena.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$16,306.50 relating to Regulatory Work. As set forth in greater detail in the billing records attached as Exhibit C-13, these fees were incurred relative to the IP document separation agreement and efforts to identify debtor versus non-debtor documents. Fees were also incurred analyzing privilege issues and reviewing documents prior to production to SEC pursuant to subpoena and continued state regulatory issues.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$11,847.50 relating to Regulatory Work. As set forth in greater detail in the billing records attached as Exhibit D-13, these fees were incurred relative to preparation for and participation in various meetings with the SEC as well as reviewing and producing thousands of documents to the SEC. Fees were also incurred relative to state regulatory issues out of California and the identification of non-debtor documents relating to other business entities.

#### **19. USA Capital First Trust Deed Fund, LLC – Committee Relations**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
John A. Adams	Attorney (Shareholder)	\$280	0.06	\$21.00
Kevin G. Glade	Attorney (Shareholder)	\$275	0.10	\$27.50
Annette W. Jarvis	Attorney (Shareholder)	\$315	35.36	\$11,141.13
Douglas M. Monson	Attorney (Shareholder)	\$275	5.49	\$1,506.62
Elaine A. Monson	Attorney (Shareholder)	\$245	15.34	\$3,760.76
Mark W. Puglsey	Attorney (Shareholder)	\$250	0.11	\$31.25
Steven C. Strong	Attorney (Shareholder)	\$250	29.53	\$7,495.00
Stephen C. Tingey	Attorney (Shareholder)	\$275	0.77	\$212.62
Lon A. Jenkins	Attorney (Of Counsel)	\$290	0.16	\$50.75
Benjamin J. Kotter	Attorney (Associate)	\$195	27.62	\$5,389.39
Richard H. Madsen, II	Attorney (Associate)	\$190	6.73	\$1,287.25



1	Angelina Tsu	Attorney (Associate)	\$195	7.08	\$1,379.62
2	<b>TOTAL HOURS AND FEES</b>			<b>128.35</b>	<b>\$32,302.89</b>

3 b. April 2006. During April 2006, no fees were incurred by Ray  
4 Quinney professionals or paraprofessionals in providing services to the Debtors in  
5 this specific matter.

6 c. May 2006. During May 2006, Ray Quinney incurred fees of  
7 \$3,955.28 relating to USA Capital First Trust Deed Fund, LLC – Committee  
8 Relations. As set forth in greater detail in the billing records attached as Exhibit B-  
9 14, these fees were incurred relative to issues arising from the appointment of  
multiple committees, correspondence and communications with the committee and  
responding to multiple information requests.

10 d. June 2006. During June 2006, Ray Quinney incurred fees of  
11 \$16,281.75 relating to USA Capital First Trust Deed Fund, LLC – Committee  
12 Relations. As set forth in greater detail in the billing records attached as Exhibit C-  
13 14, these fees were incurred relative to communications and correspondence with  
the committee which included the evaluation and analysis of various loans with the  
First Trust Deed loan portfolio and discussing those issues with the committee.  
Fees were also incurred responding to various information requests and reviewing  
document for privacy, confidentiality and privilege prior to production.

15 e. July 2006. During July 2006, Ray Quinney incurred fees of  
16 \$12,065.86 relating to USA Capital First Trust Deed Fund, LLC – Committee  
17 Relations. As set forth in greater detail in the billing records attached as Exhibit D-  
18 14, these fees were incurred relative to continued communications and  
correspondence with the committee and responding to requests for information,  
including the Committees' Joint Information Request. Fees were also incurred  
relative to efforts, including the review of thousands of documents for privilege,  
confidentiality and privacy concerns in order to respond to the Committees' Joint  
Information Request as well as in preparation for and participation in multiple  
committee calls and presentations.

21 **20. USA Capital Diversified Trust Deed Fund, LLC – Committee Relation**

22 a. During the Application Period, the following Ray Quinney  
23 professionals provided services to the Debtors in this specific matter:

24	<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
25	John A. Adams	Attorney (Shareholder)	\$280	0.08	\$21.00
26	Kevin G. Glade	Attorney (Shareholder)	\$275	14.70	\$4,042.50
27	Annette W. Jarvis	Attorney (Shareholder)	\$315	40.01	\$12,596.43
28	Douglas M. Monson	Attorney (Shareholder)	\$275	4.97	\$1,368.13
	Elaine A. Monson	Attorney (Shareholder)	\$245	12.46	\$3,050.26



1	Mark W. Puglsey	Attorney (Shareholder)	\$250	0.13	\$31.25
	Steven C. Strong	Attorney (Shareholder)	\$250	27.77	\$6,918.75
2	Stephen C. Tingey	Attorney (Shareholder)	\$275	0.69	\$295.12
3	Lon A. Jenkins	Attorney (Of Counsel)	\$290	0.18	\$50.75
	Benjamin J. Kotter	Attorney (Associate)	\$195	28.62	\$5,452.39
4	Richard H. Madsen, II	Attorney (Associate)	\$190	6.79	\$1,287.25
	Angelina Tsu	Attorney (Associate)	\$195	7.07	\$1,379.62

**TOTAL HOURS AND FEES      143.47      \$36,493.45**

b. April 2006. During June 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$2,564.79 relating to USA Capital Diversified Trust Deed Fund, LLC – Committee Relations. As set forth in greater detail in the billing records attached as Exhibit B-15, these fees were incurred relative to issues arising from the appointment of multiple committees, correspondence and communications with the committee and responding to multiple requests for information.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$19,719.55 relating to USA Capital Diversified Trust Deed Fund, LLC – Committee Relations. As set forth in greater detail in the billing records attached as Exhibit C-15, these fees were incurred relative to communications and correspondence with the committee which included the evaluation and analysis of various loans with the Diversified loan portfolio and discussing those issues with the committee. Fees were also incurred responding to various information requests and reviewing document for privacy, confidentiality and privilege prior to production.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$14,209.11 relating to USA Capital Diversified Trust Deed Fund, LLC – Committee Relations. As set forth in greater detail in the billing records attached as Exhibit D-15, these fees were incurred relative to continued communications and correspondence with the committee and responding to requests for information, including the Committees' Joint Information Request. Fees were also incurred relative to efforts, including the review of thousands of documents for privilege, confidentiality and privacy concerns in order to respond to the Committees' Joint Information Request as well as in preparation for and participation in multiple committee calls and presentations.

## **21. Unsecured Creditors Committee Relations**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

	<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
1					
2	John A. Adams	Attorney (Shareholder)	\$280	0.08	\$21.00
3	Kevin G. Glade	Attorney (Shareholder)	\$275	0.10	\$27.50
4	Annette W. Jarvis	Attorney (Shareholder)	\$315	31.86	\$10,024.87
5	Douglas M. Monson	Attorney (Shareholder)	\$275	1.57	\$433.12
6	Elaine A. Monson	Attorney (Shareholder)	\$245	11.96	\$2,927.74
7	Mark W. Puglsey	Attorney (Shareholder)	\$250	0.13	\$31.25
8	Steven C. Strong	Attorney (Shareholder)	\$250	18.89	\$4,693.75
9	Stephen C. Tingey	Attorney (Shareholder)	\$275	0.77	\$212.63
10	Lon A. Jenkins	Attorney (Of Counsel)	\$290	0.18	\$50.75
11	Benjamin J. Kotter	Attorney (Associate)	\$195	27.83	\$5,452.36
12	Richard H. Madsen, II	Attorney (Associate)	\$190	6.79	\$1,287.25
13	Angelina Tsu	Attorney (Associate)	\$195	7.07	\$1,379.63
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		<b>TOTAL HOURS AND FEES</b>		<b>107.23</b>	<b>\$26,541.85</b>

b. April 2006. During June 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$2,974.21 relating to Unsecured Creditors Committee Relations. As set forth in greater detail in the billing records attached as Exhibit B-16, these fees were incurred relative to issues arising from the appointment of multiple committees, correspondence with and responding to multiple committee requests for information.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$12,929.50 relating to Unsecured Creditors Committee Relations. As set forth in greater detail in the billing records attached as Exhibit C-16, these fees were incurred relative to correspondence with and responding to multiple committee requests for information. Fees were also incurred reviewing documents for privacy, confidentiality and privilege issues prior to production in response to committee requests.

e. July 2006. During July 2006, Ray Quinney incurred fees of \$10,638.14 relating to Unsecured Creditors Committee. As set forth in greater detail in the billing records attached as Exhibit D-16, these fees were incurred relative to continued communications and correspondence with the committee and responding to requests for information, including the Committees' Joint Information Request. Fees were also incurred relative to efforts, including the review of thousands of documents for privilege, confidentiality and privacy concerns in order to respond to the Committees' Joint Information Request.

1                               **22.    Executory Contracts Committee Relations**

2                               a.       During the Application Period, the following Ray Quinney  
3 professionals provided services to the Debtors in this specific matter:

4	<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
5	John A. Adams	Attorney (Shareholder)	\$280	0.08	\$21.00
6	Kevin G. Glade	Attorney (Shareholder)	\$275	0.10	\$27.50
7	Annette W. Jarvis	Attorney (Shareholder)	\$315	36.34	\$11,458.11
8	Douglas M. Monson	Attorney (Shareholder)	\$275	1.57	\$433.13
9	Elaine A. Monson	Attorney (Shareholder)	\$245	30.64	\$7,509.24
10	Mark W. Puglsey	Attorney (Shareholder)	\$250	0.13	\$31.25
11	Steven C. Strong	Attorney (Shareholder)	\$250	58.55	\$14,618.75
12	Stephen C. Tingey	Attorney (Shareholder)	\$275	0.77	\$212.63
13	Lon A. Jenkins	Attorney (Of Counsel)	\$290	0.18	\$50.75
14	Benjamin J. Kotter	Attorney (Associate)	\$195	28.93	\$5,705.86
15	Richard H. Madsen, II	Attorney (Associate)	\$190	6.79	\$1,287.25
16	Angelina Tsu	Attorney (Associate)	\$195		\$1,379.62
17	<b>TOTAL HOURS AND FEES</b>			<b>171.16</b>	<b>\$42,735.10</b>

18                               b.       April 2006. During June 2006, no fees were incurred by Ray  
19 Quinney professionals or paraprofessionals in providing services to the Debtors in  
20 this specific matter.

21                               c.       May 2006. During May 2006, Ray Quinney incurred fees of  
22 \$2,784.21 relating to Executory Contracts Committee Relations. As set forth in  
23 greater detail in the billing records attached as Exhibit B-17, these fees were  
24 incurred relative to issues arising from the appointment of multiple committees,  
25 correspondence with and responding to multiple committee requests for  
26 information.

27                               d.       June 2006. During June 2006, Ray Quinney incurred fees of  
28 \$26,863.50 relating to Executory Contracts Committee Relations. As set forth in  
greater detail in the billing records attached as Exhibit C-17, these fees were  
incurred relative to correspondence with and responding to multiple committee  
requests for information, legal research and drafting related committee composition  
issues and negotiation and drafting of confidentiality agreement and Joint  
Information Protocol Motion. Fees were also incurred relative to efforts, including  
the review of documents for privilege, privacy and/or confidentiality, in order to  
respond to various document requests.

e.       July 2006. During July 2006, Ray Quinney incurred fees of  
\$13,087.39 relating to Executory Contracts Committee Relations. As set forth in  
greater detail in the billing records attached as Exhibit D-17, these fees were  
incurred relative to correspondence with and responding to multiple committee

requests for information, preparation for and participation in multiple committee calls and presentations, negotiation and drafting of confidentiality and privacy agreement in response to the Committees' Joint Information Request. Fees were also incurred relative to efforts, including the review of documents for privilege, privacy and/or confidentiality, in order to respond to the Committees' Joint Information Request.

**23. USA Capital Realty Advisors, LLC**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	0.13	\$44.09
Elaine A. Monson	Attorney (Shareholder)	\$245	0.07	\$15.93
Steven C. Strong	Attorney (Shareholder)	\$250	1.27	\$306.25
Lon A. Jenkins	Attorney (Of Counsel)	\$290	0.48	\$126.15
Carrie Hurst	Paralegal	\$120	0.31	\$34.20
<b>TOTAL HOURS AND FEES</b>			<b>2.26</b>	<b>\$526.62</b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$37.18 relating to USA Capital Realty Advisors, LLC. As set forth in greater detail in the billing records attached as Exhibit A-10, these fees were incurred relative to the preparation of the debtor's statements and schedules.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$28.65 relating to USA Capital Realty Advisors, LLC. As set forth in greater detail in the billing records attached as Exhibit B-18, these fees were incurred relative to the preparation of the debtor's statements and schedules.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$460.79 relating to USA Capital Realty Advisors, LLC. As set forth in greater detail in the billing records attached as Exhibit C-18, these fees were incurred relative to the preparation of the debtor's statements and schedules.

e. July 2006. During July 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

**24. USA Securities, LLC**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
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Annette W. Jarvis	Attorney (Shareholder)	\$315	0.15	\$44.11
Elaine A. Monson	Attorney (Shareholder)	\$245	0.06	\$15.92
Steven C. Strong	Attorney (Shareholder)	\$250	1.27	\$306.25
Lon A. Jenkins	Attorney (Of Counsel)	\$290	0.48	\$126.15
Carrie Hurst	Paralegal	\$120	0.31	\$34.20

<b>TOTAL HOURS AND FEES</b>	<b>2.27</b>	<b>\$526.63</b>
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b. April 2006. During April 2006, Ray Quinney incurred fees of \$37.17 relating to USA Securities, LLC. As set forth in greater detail in the billing records attached as Exhibit A-9, these fees were incurred relative to the preparation of the debtor's statements and schedules.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$28.65 relating to USA Securities, LLC. As set forth in greater detail in the billing records attached as Exhibit B-19, these fees were incurred relative to the preparation of the debtor's statements and schedules.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$460.81 relating to USA Securities, LLC. As set forth in greater detail in the billing records attached as Exhibit C-19, these fees were incurred relative to the preparation of the debtor's statement and schedules.

e. July 2006. During July 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

## **25. USA Capital First Trust Deed Fund, LLC – Case Administration**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	0.56	\$176.40
Elaine A. Monson	Attorney (Shareholder)	\$245	0.26	\$63.70
Steven C. Strong	Attorney (Shareholder)	\$250	4.90	\$1,225.00
Lon A. Jenkins	Attorney (Of Counsel)	\$290	1.74	\$504.60
Carrie Hurst	Paralegal	\$120	1.14	\$136.80

<b>TOTAL HOURS AND FEES</b>	<b>8.60</b>	<b>\$2,106.50</b>
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b. April 2006. During April 2006, Ray Quinney incurred fees of \$148.70 relating to USA Capital First Trust Deed Fund, LLC – Case Administration. As set forth in greater detail in the billing records attached as Exhibit A-12, these fees were incurred relative to the preparation of the debtor's

statements and schedules.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$114.60 relating to USA Capital First Trust Deed Fund, LLC – Case Administration. As set forth in greater detail in the billing records attached as Exhibit B-20, these fees were incurred relative to the preparation of the debtor’s statements and schedules.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$1,843.20 relating to USA Capital First Trust Deed Fund, LLC – Case Administration. As set forth in greater detail in the billing records attached as Exhibit C-20, these fees were incurred relative to the preparation of the debtor’s statements and schedules.

e. July 2006. During July 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

**26. USA Capital Diversified Trust Deed Fund, LLC – Case Administration**

a. During the Application Period, the following Ray Quinney professionals provided services to the Debtors in this specific matter:

<u>NAME</u>	<u>TITLE/OFFICE</u>	<u>RATE</u>	<u>HOURS</u>	<u>FEES</u>
Annette W. Jarvis	Attorney (Shareholder)	\$315	0.56	\$176.40
Elaine A. Monson	Attorney (Shareholder)	\$245	0.26	\$63.70
Steven C. Strong	Attorney (Shareholder)	\$250	4.90	\$1,225.00
Lon A. Jenkins	Attorney (Of Counsel)	\$290	1.74	\$504.60
Carrie Hurst	Paralegal	\$120	1.14	\$136.80
<b>TOTAL HOURS AND FEES</b>			<b>8.60</b>	<b>\$2,106.50</b>

b. April 2006. During April 2006, Ray Quinney incurred fees of \$148.70 relating to USA Capital Diversified Trust Deed Fund, LLC – Case Administration. As set forth in greater detail in the billing records attached as Exhibit A-13, these fees were incurred relative to the preparation of the debtor’s statements and schedules.

c. May 2006. During May 2006, Ray Quinney incurred fees of \$114.60 relating to USA Capital Diversified Trust Deed Fund, LLC – Case Administration. As set forth in greater detail in the billing records attached as Exhibit B-21, these fees were incurred relative to the preparation of the debtor’s statements and schedules.

d. June 2006. During June 2006, Ray Quinney incurred fees of \$1,843.20 relating to USA Capital Diversified Trust Deed Fund, LLC – Case



Administration. As set forth in greater detail in the billing records attached as Exhibit C-21, these fees were incurred relative to the preparation of the debtor's statements and schedules.

e. July 2006. During July 2006, no fees were incurred by Ray Quinney professionals or paraprofessionals in providing services to the Debtors in this specific matter.

D. Costs

1. During the Application Period, Ray Quinney incurred actual and necessary expenses in the total amount of \$64,950.57 in connection with the services rendered to the estate.

A summary showing the breakdown of total expenses by type of expense is attached hereto as Exhibit F. Details of the expenses incurred each month are included in the invoices attached as Exhibits A-14 (April), B-22 (May), C-22 (June), and D-18 (July). Ray Quinney maintains appropriate details, including receipts, invoices, reimbursement vouchers, and other supporting information concerning the expenses incurred in this representation, and that information is available for review upon request.

2. The largest categories of expenses during the Application Period were for "Database Legal Research" in the amount of \$27,842.08 and "Travel Expense" in the amount of \$24,626.50. Database Legal Research is the category for necessary online research on complicated legal issues using services such as Westlaw and Lexis. Travel Expense is the category for expenses incurred while traveling on behalf of the Debtors and includes airfare, lodging, ground transportation, meals, and parking. Ray Quinney charges all photocopying for this case at \$0.20 per page, the standard charge for all Ray Quinney's clients.

3. The expenses incurred by Ray Quinney for which reimbursement in this Application is sought are consistent with the U.S. Trustee Guidelines and the rules and orders applicable in this case.



E. Summary of Interim Payments Made

1. Pursuant to the Administrative Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals (the “Administrative Order”), on August 25, 2006, Ray Quinney submitted Monthly Statements, which consisted of the invoices reflecting Ray Quinney’s services provided to the Debtors during the Application Period, to the Debtor, counsel for each of the official committees in these cases, and the office of the United States Trustee (collectively, the “Reviewing Parties”). Pursuant to the Administrative Order, the Debtor is authorized to pay 80% of undisputed fees and 100% of undisputed expenses on the fifteenth day of the next calendar month (i.e., September 15, 2006) after a Monthly Statement is submitted for review to the Reviewing Parties.

2. Ray Quinney seeks to have its fees and expenses allowed in the full amount set forth in this Application and seeks payment of the difference between the amount allowed in this Application and the amount which may be paid to Ray Quinney by the Debtors pursuant to the submission of Monthly Statements as authorized under the Administrative Order.

3. Ray Quinney understands that if the funds paid by the Debtors on periodic invoices are in excess of the amount of compensation or reimbursement of expenses allowed in this Application, Ray Quinney will credit such excess amount against compensation or reimbursement of expenses sought in future applications.

4. Ray Quinney further understands that fees and expenses allowed under this Application are interim in nature subject to a final order approving Ray Quinney’s final fee application at the end of the bankruptcy cases.

5. Ray Quinney further understands that fees and expenses will be compensated by the particular debtor for which such fees and expenses were incurred. This

1 compensation will occur to the extent that the Court approves this Application and that funds are  
2 available in each debtor for the purpose of paying administrative claims.

3 6. Ray Quinney also understands that the source of payment for fees incurred  
4 on behalf of the Executory Contract Committee (matter #22 above) has not yet been determined.

5  
6 F. Certification

7 Ray Quinney certifies that the Debtor has reviewed the Monthly Statements and  
8 corresponding invoices for the Application Period that are a part of this Application, and has  
9 advised Ray Quinney of no objection to allowance of the fees and expenses requested herein.

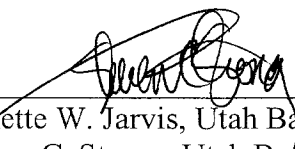
10 WHEREFORE, Ray Quinney prays:

11 1. That interim compensation and reimbursement be awarded Ray Quinney the  
12 total amount of \$1,002,138.11, which includes \$937,187.54 for professional services rendered and  
13 \$64,950.57 for expenses incurred during the Application Period;

14 2. That such amounts be allowed as priority administrative expenses of the  
15 estate pursuant to 11 U.S.C. §§ 503(b)(2) and 507(a)(1); and

16 3. That Debtors be ordered and authorized, pursuant to 11 U.S.C. §§ 330 and  
17 331, to pay such amounts from the appropriate estate as set forth herein, subject to credit for any  
18 amounts which may be paid by the estate for this Application Period, pursuant to and subject to  
19 the provisions of the Administrative Order.  
20  
21

22 Respectfully submitted this 31<sup>st</sup> day of August, 2006.

23  
24   
25 Annette W. Jarvis, Utah Bar No. 1649  
26 Steven C. Strong, Utah Bar No. 6340  
27 RAY QUINNEY & NEBEKER P.C.  
28 36 South State Street, Suite 1400  
P.O. Box 45385  
Salt Lake City, Utah 84145-0385

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